



City of Santa Barbara
Community Development Department

Planning Commission Staff Report

MEETING DATE: June 3, 2010

AGENDA DATE: May 27, 2010

TO: Members of the Planning Commission

FROM: Planning Division
Bettie Weiss, City Planner *BLW*
John Ledbetter, Principal Planner

SUBJECT: **PLAN SANTA BARBARA DRAFT GENERAL PLAN POLICY DOCUMENTS AND DRAFT ENVIRONMENTAL IMPACT REPORT (DEIR) AND KEY POLICY DIRECTION**

RECOMMENDATION

1. Continue to discuss which policies work together best to meet multiple *PlanSB* objectives and achieve Council adoption.
2. Direct staff to prepare the necessary materials for the June 22/23 joint City Council/Planning Commission meeting.

PURPOSE OF THE CONTINUED MEETING

This will be the fourth meeting day, as part of a nearly 15 hour meeting for the Planning Commission to review the Draft Environmental Impact Report (DEIR) and General Plan Framework Documents of *Plan Santa Barbara*. The meeting began on April 28 when the Planning Commission heard a staff presentation and extensive public comment. The meeting continued the next day with focused questions on the DEIR. On May 6th the Planning Commission discussed and gave initial direction on key decision points, such as growth management, residential density, and building heights. The attached decision matrix shows the initial direction from that meeting. The intention of this milestone Plan Santa Barbara meeting is to prepare for a joint meeting with the City Council on June 22 and 23.

At the end of the May 6th meeting, the Commission felt more discussion was needed to adequately prepare to meet with City Council. Some members felt a need to "step back" and consider the overall direction. This staff report is a summary of direction we believe is evolving from the Planning Commission discussion to date.

QUESTIONS TO CONSIDER

The 2005 Executive Summary of the *Conditions, Trends, and Issues* (CTI) report set forth a series of questions that asked how well the existing policy framework was meeting existing General Plan objectives. It's appropriate to have these questions in mind while reviewing the initial decision matrix:

- Will future housing needs be met without impacting the neighborhoods or the general quality of life?
- Will future development be targeted to take advantage of transit and other transportation alternatives?
- Will appropriate residential development standards be adopted in the commercial zones?
- Will additional park, open space and public service needs be provided to meet the needs for future residential development?
- Do PlanSB policies provide both clear guidance for future land use decisions and still provide flexibility for special needs and circumstances?

Further, are the following "themes and inter-relationships" also identified in the CTI report being address?

- Is Measure E still the best tool to manage non-residential growth given limited public services and resource capacity?
- Are *PlanSB* policies responding to housing, prices and traffic congestion at both a local and regional level?
- Will the trend towards unaffordable housing for the people that live and work in Santa Barbara continue?
- Will water quality, clean beaches and watershed planning be improved?
- Will *PlanSB* move towards a more sustainable development program?
- Will *PlanSB* address the need for new revenue sources for unmet capital and service needs?

Clearly, these questions are very relevant to *PlanSB* as final decisions and adoption approaches. One *PlanSB* participant recently asked (paraphrased here): "How can the proposed development policies work together when the range of carrots and sticks are at odds?" This question captures the dilemma that has polarized discussions of future development standards, and contrasts with the sustainability principle that encourages solutions that address multiple issues. In fact, a comprehensive set of development policies, consistent with the *Plan Santa Barbara Objectives* is critical for success.

SUMMARY DIRECTION

Developing the Hybrid Proposal

Although the DEIR had a distinct project proposal (*Plan Santa Barbara*) and three alternatives (No Project, Low Growth, Additional Housing), the direction from this point on is a combination of the most desired parts of each variation also known as a hybrid option. Therefore, the Planning Commission is not selecting an alternative from the DEIR, rather, developing a fifth scenario to use the best policies that will do the best job at meeting the key objectives. Those objectives include: achieving a more healthy, sustainable community and a vibrant economy; managing non-residential growth; encouraging affordable housing; targeting the location of future development; protecting historic resources; reducing traffic congestion; improving environmental regulation; and a strategic commitment to public services and capital improvements.

Fundamental to the success of achieving these objectives will be the proposed development policies, the Adaptive Management Program, and an implementation program that sets the priorities and budget. The following is a summary of the Commission's initial policy direction to date.

The Commission discussed the ten key decision points, from a matrix which cross-tabulated roughly three alternatives for each decision point. The Commission provided their individual preferences on each of the decision points, a summary of which is provided on Exhibit F, *Key Decision Options (with mitigation) - Results*. For two of the decisions, *Highest Residential Density* and *Targeted Growth*, the Commission directed staff to develop other alternatives, which are also reflected in the results matrix.

Non-Residential Development

Measure E has been the tool for the last twenty years that significantly limited non-residential growth. The required findings have done the job, although specific objectives and a feedback mechanism could improve the process. The Commission is proposing to further reduce that number to one million square feet over the same period of time. The approach is expected to limit job development, ease pressure on the job/workforce housing imbalance, as well as, reduce the amount of traffic generated by nearly half. However, Staff has pointed out that this number is inclusive of all new non-residential development including institutional uses. Careful consideration must be given to how to address the various allocation categories including pending and approved projects which is approximately 700,000 square feet based on the current ordinance. The use of the Transfer of Existing Development Ordinance allowances is also to be revisited at some point in the implementation phase based on LG 2.4. The Development Plan Ordinance will need to be updated consistent with the traffic model and EIR with respect to various resource impacts and adaptive management.

Affordable Housing

The Planning Commission seems to agree that the number one land use priority is to encourage more affordable housing. The Housing Authority and non-profit sector have been very effective partnering with the Redevelopment Agency to build low income rental housing for a total of approximately 8% of the overall housing stock. Since 1990, 24% of the market rate units produced have been multi-family projects of between 1-4 units, some of which have become rental units.

In the downtown area, the market has produced virtually no market rental housing units and very few market units affordable to the working, middle, and upper-middle classes. The Inclusionary Program has officially produced 4 units since adoption in 2004, more than 16 units were constructed in anticipation of the ordinance and more than 50 are either approved or pending. The concept of "affordable by design" (smaller units = lower prices) continues to be met with skepticism.

The Planning Commission is unanimous on a 25% inclusionary housing requirement consistent with the Draft Housing Element Policy Implementation Action H11.3. Other Planning Commission direction that will help to obtain more affordable housing include a range of increase density options, reducing average unit size to 1000 square feet, 50% to 100% bonus density for rental housing and parking space limitations and unbundling.

For-Sale Units

The community clearly does not support more, large, high-end condominiums. However, simply encouraging more smaller units, through higher densities, parking flexibility and the regulation of unit sizes, will not ensure affordability. Further regulation, such as an inclusionary requirement, is needed. Hence, the challenge of how to balance the "carrots and sticks" (increased densities and parking flexibility vs. reduced unit sizes, inclusionary requirements, building height limits and design review) in order for a project to "pencil-out" and be built.

Much progress has been made with the identification of appropriate unit size targets, parking flexibility incentives, and new development and design review tools. The implementation of tools such as Floor to Area Ratios (FAR) and Form Based Codes will eventually result in more proscriptive development, with a greater degree of certainty, and hopefully more affordability (LG Policy 13 and associated Implementation Actions). Staff recommends further detailed study of the FAR and Form Based Coding applications in Santa Barbara, to include a series of design charettes and an economic feasibility analysis to test the results. However, increasing densities for condominium development, beyond what is proposed in *PlanSB*, seems premature at this juncture given divided opinion on the Commission and in the community.

Rental and Employer Based Units

Encouraging rental and employer based housing fulfills the criteria of broad community acceptance, meeting multiple objectives, and having a strong chance of implementation success. The Commission supports, at minimum, a 50% density increase overlay with some support for up to a 100% increase. Encouraging rental and employer housing meets a number of plan objectives including housing affordability, reduced regional commuting and local traffic congestion, reduced carbon emissions, greater socio-economic diversity, and improving the job/housing imbalance.

Staff has proposed an overlay boundary that would include all of the High Density residential designations south of Padre Street, as well as the Commercial Industrial designation, linking the Milpas corridor to the Downtown. This boundary is consistent with the MODA (Mobility Oriented Development Area) Principles, as well as results from the traffic model, which afford the greatest levels of congestion relief to future development targeted in Areas 1 and 2. See Exhibit A, *Traffic Model Areas*; Exhibit B, *Traffic Model Areas and Proposed Multi-family Designations*; and Exhibit C, *Proposed Rental Overlay*.

Additional density increases up to 100% are recommended on a case-by-case basis for the adaptive reuse of historic structures or perhaps for projects that feature a significantly higher percentage of 3+ bedroom units within the rental overlay. An addition recommended incentive is to allow High Density residential in the Commercial Industrial area (although not in the Industrial area), and particularly along the Haley/Cota transit corridor.

Staff recommends the Commission continue with housing as the #1 priority together with the following policy direction:

- Affirm the base densities set forth in *PlanSB*;
- Create a 50% density overlay for rental and employer housing as the primary implementation tool;
- Include provisions up to 100% density increase for case-by-case reviews with projects such as Adaptive Re-use, 3+ bedroom apartments, and increased affordability; and
- Continue to work on a package of for-sale incentives and regulations to include an increased Inclusionary housing percentage, FARs, and Form Based Codes per policy LG13.

Targeted Development

The historic land use and circulation patterns that center on the downtown "grid" of streets and city blocks have served Santa Barbara well, and according to the Traffic Model these are the areas (Areas 1 & 2) to target future development in order to realize the greatest traffic congestion relief.

Most agree that no significant changes are proposed to these patterns but, rather, a reinforcement of these patterns: additional workforce housing; more frequent transit; and more walking and biking improvements to better facilitate access to commercial services, parks and open space. Implementation will be the key as to how the housing is encouraged, the transit headways reduced, and the public services and capital improvements funded.

Historic Preservation

The physical character of Santa Barbara is inexorably linked to its historic resources and Spanish Colonial architecture. As future growth and development is focused within the downtown "grid", historic resources will need further consideration and protection. The Commission is somewhat divided on this focus and its potential impacts on historic resources. A good starting point is to understand where these resources lay in relation to the overall "grid" pattern, and more specifically, the proposed High Density designations. The El Pueblo Viejo District, landmark buildings, and structures of merit are overlaid onto these proposed designations in Exhibit D, *El Pueblo Viejo District & Proposed Multi-Family Designations*.

Each of the structures on Exhibit D also includes a typical 100' buffer area which depicts how adjacent parcels located next to these sensitive historic areas can be identified for additional scrutiny. The Secretary of the Interior's Standards and Guidelines provide additional guidance with a series of questions to local jurisdictions for consideration in establishing zoning and buffering as the primary method for the protection of historic resources (see Exhibit E). These types of programs will be further considered through implementation of the Land Use and Housing Elements and with the new Historic Resources Element.

Various forms of development standards and zoning designation solutions can be applied to create a setback buffer that can better ensure new development proposals do not negatively impact the spatial relationships and historic settings of historic properties. These new buffers can then be used in combination with zoning restrictions such as lesser densities, overlays, as well as lower and stepped-back building heights to achieve a higher level of resource protection than current case by case evaluation methods. Existing environmental and design review processes also consider impacts to potential resources, and Policy LG13 further identifies and protects these resources. The first priority implementation area for these development and design review tools is the Downtown.

Traffic Congestion

The Planning Commission seems to be determined to introduce policies that will keep congestion to current levels. This approach is evident in the selection of robust TDM including parking pricing, as well as other strategies such as further reducing non-residential growth and targeting both commercial and residential in the Downtown core. As noted above, the traffic model has identified Areas 1 & 2 as the districts of the City

with the most potential for reducing congestion by 20% to 30% through targeted growth, and particularly workforce housing. In addition, the implementation of a robust Transportation Demand Management (TDM) program has the most potential to reduce traffic congestion associated not only with the 5% of future growth but also, more importantly, all existing trips. At the heart of the TDM program is parking pricing, which accounts for over 70 to 85% of the reduced trips. Parking pricing is, in some ways, counter intuitive as evidence shows it to actually stimulate economic vitality.

The marketplace stakeholders of the Downtown are concerned about the impact of parking pricing on local business and the economic vitality of the area. If robust TDM continues to be pursued, the concept should be gradually implemented in combination with other economic stimuli. The City should work alongside the business leaders and stakeholders to engage the broader economic and social issue, reinventing the way locals and visitors live and interact with the Downtown.

Environmental Regulation

The Commission supports the Sustainability Framework of *Plan Santa Barbara* to guide all the Elements of the General Plan Update. The Principles seek to encourage solutions that address the Environment, Equity and the Economy in a consistent and comprehensive manner. The proposed Environmental Resources Element would concentrate environmental goals and policies in one location of the document, and includes specific policies and actions to reduce carbon emissions, as required by state law.

Public Services and Capital Improvements

The Commission discussion also addressed the need for adequate levels of public services, such as water, transit, police & fire, and schools, to accompany the projected 5% future growth over the next twenty years. New capital improvements, such as urban parks, open spaces (perhaps another community center) as well as circulation improvements, will also have to be planned, budgeted and implemented. The next step will be to develop the *PlanSB* Implementation Plan, to establish not only priorities and budget, but tangible objectives that can serve as "triggers" to initiate the required resources and/or levels of service.

Adaptive Management Program (AMP)

It is understood that the role of the AMP is two-fold: 1) monitor resource and public service levels, adjusting short and long-term *PlanSB* objectives (and policies) as necessary; and 2) assist in setting implementation and budget priorities including mitigation programs, e.g. TDM, as economic vitality & sound fiscal policy are key considerations. The completion of the AMP and its immediate deployment will be critical to the success of *PlanSB* implementation.

Implementation Program

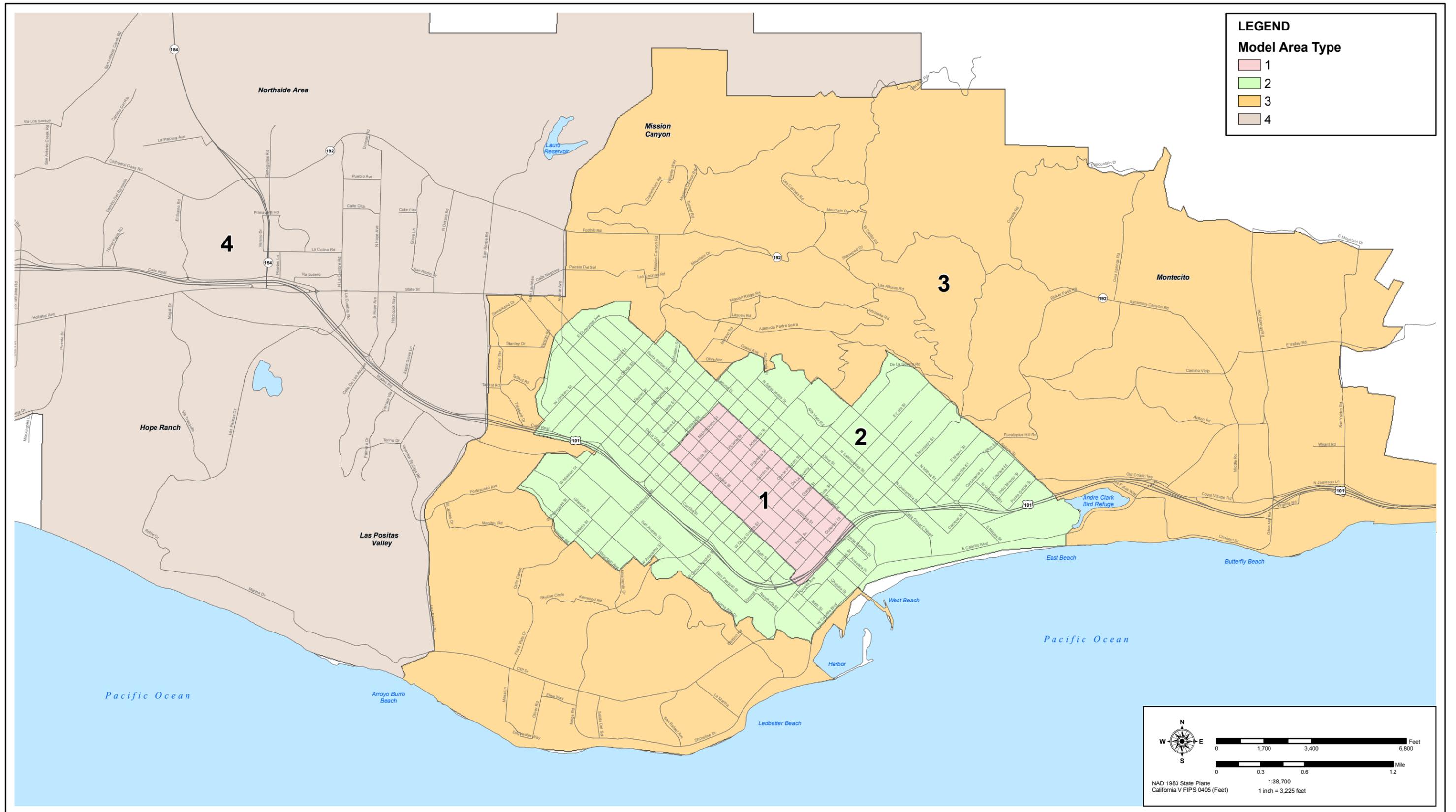
An effective implementation program will need to be phased and flexible to meet the needs and opportunities as they un-fold over the next 20 years. Today, the country is just now coming out of a recession, the State is under fiscal duress, money is tight, and the Redevelopment Agency is winding-down. It is unlikely there will soon be a large-scale demand for new condominiums like we experienced over the last few years, and thus there will be time to refine those development standards, as well as the TDM program, and parking pricing in particular. Staff will continue to work with the Commission to review and prioritize policy and mitigation implementation. That will be a critical part of the next phase of the review process this summer and fall.

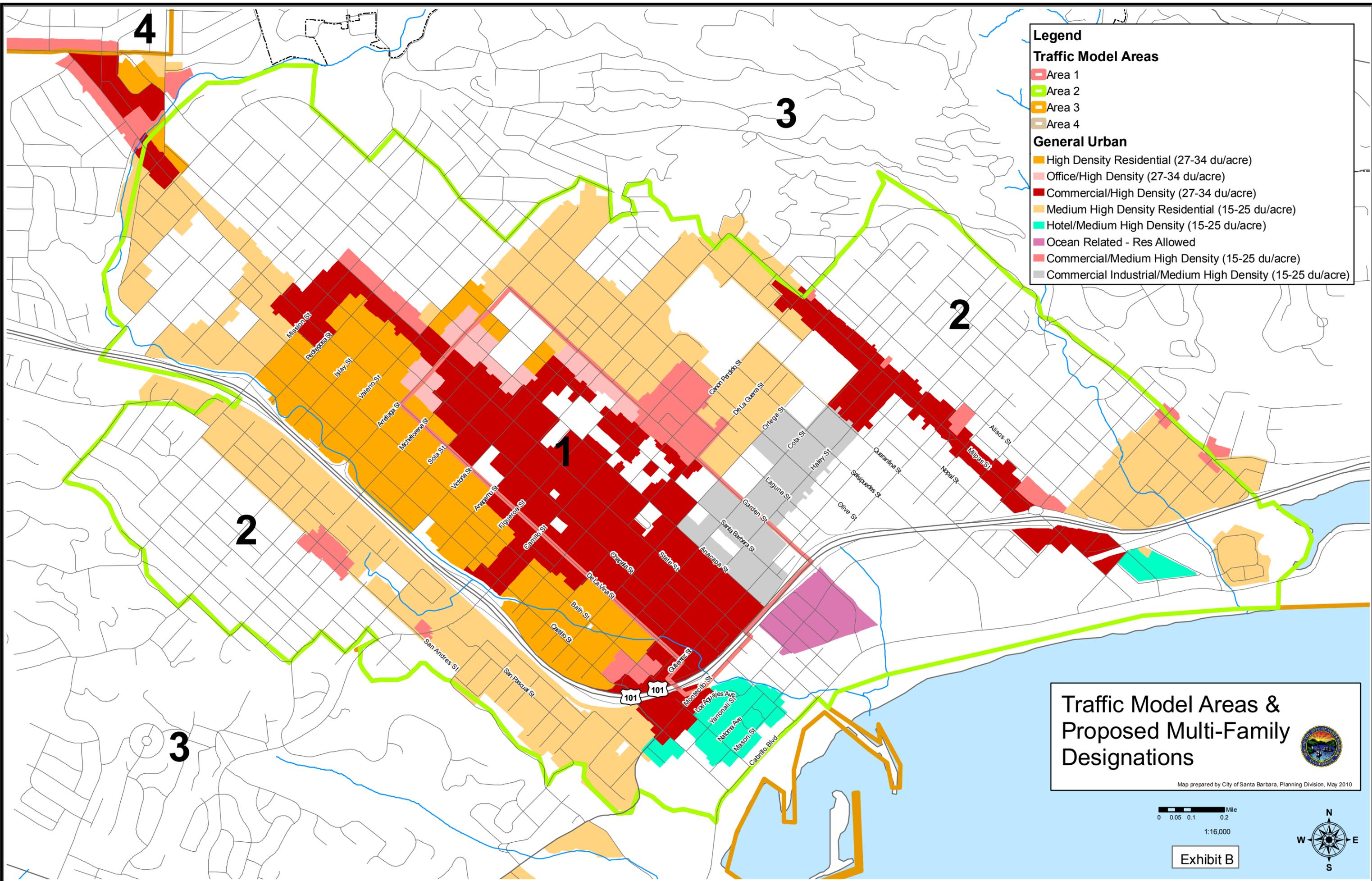
CONCLUSION

The Planning Commission discussion is now taking shape as a comprehensive set of policy directives. The Commission requested this meeting to continue to consider its position on a few key policy issues, namely density and targeted growth, as well as looking at the direction holistically with regard to the Sustainability Principles. Additionally the purpose for the meeting is to prepare both staff and the Commission for the upcoming Joint Meeting with City Council scheduled for June 22 and 23rd.

EXHIBITS:

- A. Traffic Model Areas
- B. Traffic Model Areas and Proposed Multi-family Designations
- C. Proposed Rental Overlay
- D. El Pueblo Viejo District & Proposed Multi-Family Designations
- E. Secretary of the Interior Guidelines (excerpted)
- F. Key Decision Options (with mitigation) – Results from May 6





Legend

Traffic Model Areas

- Area 1
- Area 2
- Area 3
- Area 4

General Urban

- High Density Residential (27-34 du/acre)
- Office/High Density (27-34 du/acre)
- Commercial/High Density (27-34 du/acre)
- Medium High Density Residential (15-25 du/acre)
- Hotel/Medium High Density (15-25 du/acre)
- Ocean Related - Res Allowed
- Commercial/Medium High Density (15-25 du/acre)
- Commercial Industrial/Medium High Density (15-25 du/acre)

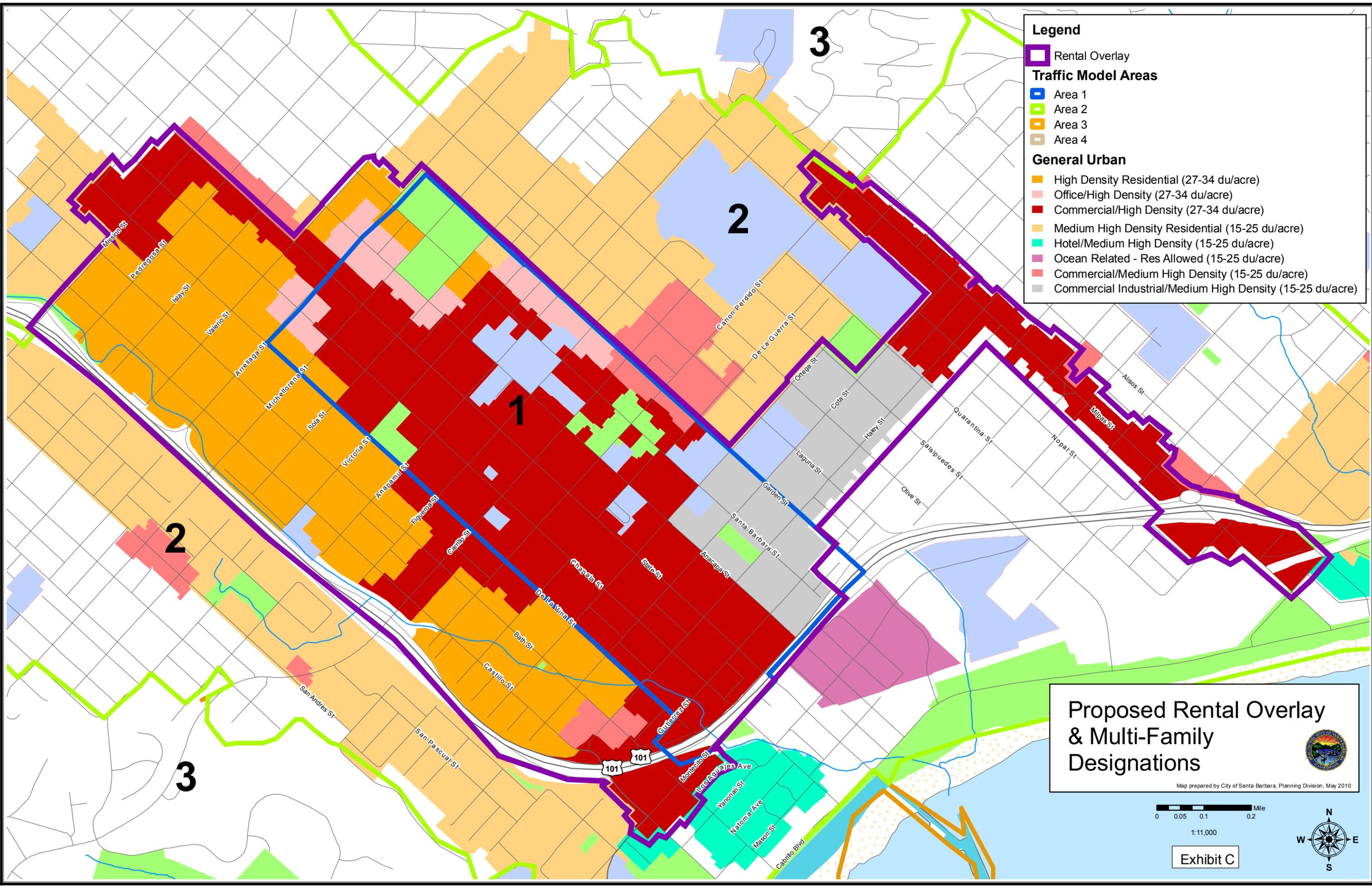
Traffic Model Areas & Proposed Multi-Family Designations

Map prepared by City of Santa Barbara, Planning Division, May 2010

0 0.05 0.1 0.2 Mile

1:16,000

Exhibit B



Legend

- Rental Overlay

Traffic Model Areas

- Area 1
- Area 2
- Area 3
- Area 4

General Urban

- High Density Residential (27-34 du/acre)
- Office/High Density (27-34 du/acre)
- Commercial/High Density (27-34 du/acre)
- Medium High Density Residential (15-25 du/acre)
- Hotel/Medium High Density (15-25 du/acre)
- Ocean Related - Res Allowed (15-25 du/acre)
- Commercial/Medium High Density (15-25 du/acre)
- Commercial Industrial/Medium High Density (15-25 du/acre)

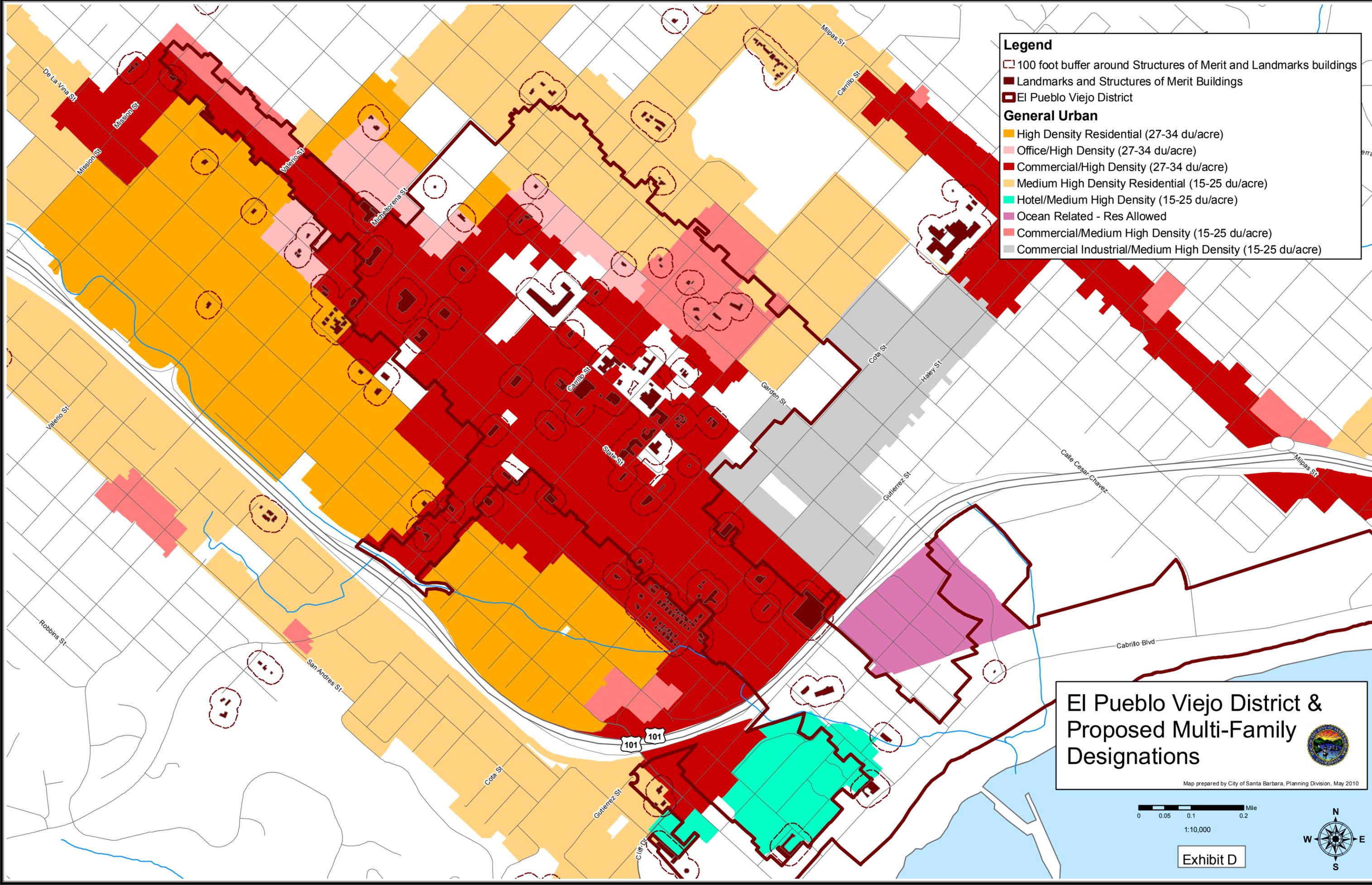
**Proposed Rental Overlay
& Multi-Family
Designations**

Map prepared by City of Santa Barbara, Planning Division, May 2010

0 0.05 0.1 0.2 Mile

1:11,000

Exhibit C



Legend

- 100 foot buffer around Structures of Merit and Landmarks buildings
- Landmarks and Structures of Merit Buildings
- El Pueblo Viejo District

General Urban

- High Density Residential (27-34 du/acre)
- Office/High Density (27-34 du/acre)
- Commercial/High Density (27-34 du/acre)
- Medium High Density Residential (15-25 du/acre)
- Hotel/Medium High Density (15-25 du/acre)
- Ocean Related - Res Allowed
- Commercial/Medium High Density (15-25 du/acre)
- Commercial Industrial/Medium High Density (15-25 du/acre)

El Pueblo Viejo District & Proposed Multi-Family Designations

Map prepared by City of Santa Barbara, Planning Division, May 2010

0 0.05 0.1 0.2 Mile

1:10,000

Exhibit D

Secretary of the Interior's Standards and Guidelines (Excerpt)

The City of Santa Barbara follows the National Historic Preservation Act Guidelines and Secretary of Interior's Standards to assess worthiness for historic site or district identification. Following is an excerpt that provides additional guidelines on establishment of buffers:

Impact of Master Plan Elements on the Preservation of Historic Sites and Districts

Zoning and buffering should be considered a primary method of protection of historic properties.

A. Compile a single map showing both the boundaries of historic districts (or potential historic districts) and individual landmarks and the boundaries of the various zoning districts that affect the same area.

B. Examine the text of the zoning ordinance to determine whether the requirements for each zoning district supports or conflicts with the preservation and revitalization of the historic properties or areas.

Does the zoning for areas immediately surrounding a historic district provide an adequate buffer against development that would have a negative import on the historic area?

Do commercial zones allow much taller and larger buildings than currently exist in the historic district?

Does the zoning permit automobile-oriented uses that conflict with the traditional street-front and pedestrian orientation of historic commercial buildings?

C. Enact the kinds of amendments to make zoning in historic districts more responsive to preservation concerns.

1. Shift the boundaries between adjacent zones.

2. Substitute one classification for another (density).

D. Examine drafting a new zoning classification with requirements tailored to the specific needs of a historic district. Examine special purpose districts or special use districts.

E. Study downzoning -- reducing the permitted height and bulk of buildings.

F. Amend ordinances to allow historic properties alternative uses.

G. Transfer development rights, such as the air space above a historic building, for use at another location.

H. Incentive zoning. Grant additional density in exchange for buffers next to historic districts.

PLAN SANTA BARBARA

KEY DECISION OPTIONS (WITH MITIGATION) - RESULTS

“-” = LESS OF

“+” = MORE OF

Key Decision Points			
Growth Management (Non-Residential)	1.0 mil sq ft +community health -congestion -jobs/econ vitality -public serv. impact	5	1.5 mil sq ft +air quality impact -GHGE impact +jobs/housing bal.
			2
			2.0 mil sq ft +congestion +jobs/econ vitality +public services impact
Highest Density Residential	15-27 du/acre -sustainable -socio/econ diversity -affordable	1	15-27+ du/acre +socio/econ diversity +affordable +jobs/housing balance
		2	
		2	27-34 du/acre + +sustainable +affordable +jobs/housing balance
			2
			27-60 du/acre +sustainable +affordable +jobs/housing balance
Average Unit Size	700 sq ft +socio/econ diversity +affordable --building size		1000 sq ft +socio/econ diversity +affordable -building size
			7
			1300 sq ft -building size
Residential Parking Standard Downtown	1.5 Max/“Unbundling” +affordable -building size congestion neutral	4	1.3 Max/“Unbundling” +affordable -building size congestion neutral
			1
			1 Max/ “Unbundling” ++affordable --building size congestion neutral
			2
Building Size, Bulk, Scale & Height Target	2-3 Stories -visual impact -heritage impact	3	2-3 Stories, 4 Story Exceptional -visual impact -heritage impact
			3
			3-4 Stories -visual impact -heritage impact
			1
Inclusionary Housing	15% Requirement status quo		25% Requirement +socio/econ diversity +affordable +jobs/housing balance
			7
			40% Requirement ++socio/econ diversity ++affordable +jobs/housing balance
Rental Overlay	0% Density Increase status quo -jobs/housing balance		50% Density Increase +sustainable +affordable +jobs/housing balance
			5
			100% Density Increase ++sustainable ++affordable +jobs/housing balance
			2
2nd Units	Strict Standards (status quo) -sustainable -jobs/housing balance -affordable	2	Adjacent to Transit/Relax Standards +sustainable +jobs/housing balance +affordable
			4
			City-Wide/Relax Standards -sustainable +jobs/housing balance +affordable +congestion
			1
Targeted Growth	Exclude EPV --sustainable ++congestion ++GHGE impact	2	Existing Designations -sustainable +congestion +GHGE impact
			1
			Carefully Targeted Downtown, Transit Corridors, Coastal Zone +sustainable -congestion -GHGE impact
			4
			+community health -affordable +air quality impact
Congestion	No Change in TDM -sustainable ++congestion +air quality impact	1	Moderate TDM/Parking Pricing +sustainable +congestion -air quality impact
			1
			Robust TDM/Parking Pricing +sustainable -congestion -air quality impact
			5

EXHIBIT F